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Supreme Court, U. S.
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IN THE

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1920.

STARK BROS. NURSERIES & ORCHARDS COMPANY,
Petitioner,

vs.

WILLIAM P. STARK and WILLIAM H. STARK, Trustees, doing business under name and style of William P. Stark Nurseries,
Respondents.

No. 171.

Certiorari to the Circuit Court of Appeals for the Eighth Circuit.

BRIEF AND ARGUMENT FOR THE RESPONDENTS.

XENOPHON P. WILFLEY,
Solicitor for Respondents.

WILFLEY, WILLIAMS, HENSLEY & NELSON,
Of Counsel.

St. Louis Law Printing Co., 415 N. Eighth St. Bell, Main 1819.

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BRIEF AND ARGUMENT FOR THE RESPONDENTS.

PREFACE.

This suit was instituted in the United States District Court for the Southwestern Division of the Western District of Missouri on the 11th day of September, 1916, and tried the latter part of 1917. On

January 30, 1918, the District Judge filed a memorandum, set forth in transcript of the record, pages 186 to 191, and February 26, 1918, he filed a supplemental memorandum on the settlement of decree (Tr. of Rec., pp. 191 to 195).

The decree of the District Court was for the plaintiff, and defendants appealed to the United States Circuit Court of Appeals of the Eighth Circuit. The case is reported in 257 Fed. 9. Preceding the opinion of the Circuit Court of Appeals is a statement by that Court, of the issues, as follows:

Statement of Issues by Circuit Court of Appeals.

"The appellee instituted this action to enjoin the appellants from infringing its registered trade-mark, and from unfair competition, with the usual prayer for damages and an accounting for profits. The appellee is a corporation existing under the laws of the State of Missouri, and the appellants, defendants in the court below, are citizens of the same State; the jurisdiction of the Court having been invoked upon the sole ground of the registration of the trade-mark under the Act of Congress of February 20, 1905, and the amendments thereto (Comp. St., Sections 9485, 9487-9511, 9513-9516).

"The complaint charges that the plaintiff now is, and has been since the year 1816, including its predecessors, James Stark, William Stark, Stark & Barnett, Stark & Co., and Stark Bros.

Nurseries Company, engaged in the business of propagating, buying and selling fruit trees and other nursery stock, and ever since 1893 marked them with the words 'Stark Trees' as its trade-mark, affixing it to boxes or packages containing its product; that it has incurred great expense in propagating trees and advertising them as 'Stark Trees' and that this trade-mark has become widely know in this and many foreign countries, as indicating a superior grade of trees propagated and sold by the plaintiff and its predecessors; that its fruit trees are invariably bought and sold and commonly designated as 'Stark Trees'; that on January 9, 1913, it filed in the United States Patent Office an application for registration of its said trade-mark 'Stark Trees' in accordance with the Act of Congress of February 20, 1905, and its amendment, and on June 24, 1913, it was duly registered in the United States Patent Office as registration No. 92,282; that it claims exclusive right to the trade-mark 'Stark Trees' or the word 'Stark' on fruit and ornamental trees, the trade-mark which has always been claimed by its predecessors, they being the first to adopt this mark for nursery stock; that in the spring of 1913 they found sales of fruit trees labeled and marked with the words 'William P. Stark Nurseries', said words being printed across the representation of a short, bushy tree, so arranged that the word 'Stark' appeared in large prominent letters across the figure of the tree, and the other words in comparatively smaller type, which, upon investigation, it was found was marked and

sold by the defendants; that defendants well knew of the exclusive use claimed by plaintiff of the trade-mark 'Stark Trees' or any simulation thereof, and that they used the trade-mark 'Stark' in conjunction with the representation of a tree, with the intent to defraud, to deceive and have caused their stock to be bought as and for the nursery stock of the plaintiff, much to plaintiff's loss and injury to the public, and the infringement of plaintiff's registered trade-mark, and of its trade-mark rights, under the law; that defendants were duly notified of their infringement, but continued to do so since then; that William P. Stark, one of the defendants, was for a number of years an employe, officer and stockholder of plaintiff, during which time he attempted to and did familiarize his personal name to readers of the plaintiff's general advertising; that defendants in 1912 established a nursery business, with the principal office at Louisiana, Missouri, the home of plaintiff and its predecessors, causing a confusion of mails, which ceased when, by order of the Postmaster General, all mail addressed to the name of 'Stark' should be delivered to the plaintiff, whereupon the defendants moved their nurseries to Chester, Missouri, and caused the name of the town and post office of Chester to be changed to 'Stark City', in the face of the fact that for years prior thereto the plaintiff had extensively advertised its addresses at 'Stark', Starkdale' and 'Stark Station', Missouri; that all the offices of the defendants were at Neosho, Missouri, about ten miles from Stark

City, while all their advertising prominently bears the address 'Stark City', causing much annoyance and confusion to the plaintiff; that defendants in their extensive advertising dwelt upon the fact that the name 'Stark' had for nearly a century been associated with the nursery business of America, and that for the last quarter of a century the defendant William P. Stark has made the name a sort of a trade-mark in big things in nursery work, and that their nursery at Stark City would continue to broaden the 'Stark' nursery business; that the business of plaintiff and its reputation and the name of 'Stark Trees' had been built up at great labor and expense, employing 5,000 salesmen.

"The defendants in their answer deny most of the material allegations and state that the first notification of the claim of the plaintiff to the trade-mark was in a letter received from it dated August 26, 1916, many years after they had used the name 'Stark' in connection with their business and deny that they had any knowledge of appellee's claim to the exclusive right to the use of a trade-mark 'Stark Trees' until notified by that letter. They deny any intent to defraud, or that appellee has suffered any loss by reason of their acts. They deny that the exclusive right to the trade-mark 'Stark Trees', or the word 'Stark' on fruit and ornamental trees, has been and is now claimed by plaintiff and its predecessors, or that plaintiff and its predecessors were the first to adopt and use this trade-mark for nursery stock, and, if it did, they had no knowl-

edge of it until they received the letter of August 26, 1916. They deny that, at the time the name of Chester was changed to Stark City, plaintiff was using the address 'Stark', 'Starkdale' or 'Stark Station', Missouri; that for years prior thereto it had not used any of these names, nor had there ever been a post office named 'Stark', 'Starkdale' or 'Stark Station', Missouri. They admit that they had advertised the location of their nurseries at Stark City, where they are, in fact, located, and their offices at Neosho, Missouri, and that the defendant, William P. Stark, had for over a quarter of a century been associated with plaintiff's nursery work. They claim that there can be no confusion, as all their sales are made by catalogs, and advertisements, and none by traveling salesmen, while the plaintiff did most, if not all, of its business through traveling salesmen, and emphasized in its advertisements that it was located at Louisiana, Missouri, while defendants, in all their advertisements and catalogs, emphasized the location of their nurseries at Stark City; that in all their advertisements, letters and catalogs they had taken precautions to refrain from disparaging the plaintiff or its products, and that their competition had been fair and open.

"Upon final hearing there was a decree in favor of the plaintiff, enjoining defendants from the direct or indirect use of the infringing label, or any colorable imitation of plaintiff's trademark in suit, and from putting the word 'Stark' prominently at the top of its label or elsewhere,

in connection with the business of producing, advertising and selling nursery stock, in such manner as will not unmistakably differentiate their goods from those of the complainant, and from using the name or address of 'Stark City' upon their labels or tags attached to nursery stock, or packages containing same, or from using the address 'Stark City' in advertising their business. The decree also directed a reference to a special master to determine all gains and profits which the defendants had derived by infringing on plaintiff's trade-mark, beginning with the 11th day of March, 1914, and that the plaintiff also recover from the defendants all damages which it has sustained by reason of the defendants' infringement and unfair competition from and after the 26th day of August, 1916, on which date plaintiff gave notice to defendant of the registration of its said trade-mark (248 Fed. 154). To reverse this decree appellants are prosecuting this appeal."

Modification of Decree of District Court by United States Court of Appeals.

The United States Court of Appeals modified the decree of the District Court as to the use of surname Stark and also as to the beginning of the date of accounting of gains and profits. The plaintiff felt aggrieved by this modification and applied to the United States Supreme Court for a writ of certiorari to the United States Court of Appeals, to have this Court

review that part of the decision of the United States Court of Appeals relating to an accounting for gains and profits. The portion of the opinion of the Court of Appeals modifying the rulings of the District Court is found, 257 Fed., l. c. 14-17, as follows:

> "The Court committed no error in granting the injunction, but, in order to avoid any misapprehension, there should be added to that part of the decree granting the perpetual injunction the following words:
>
> > 'That the defendants may use their surnames in circulars, catalogues, or advertisements, but they must be accompanied by information that they are not of the original William Stark Nurseries, nor in anywise connected with the Stark Bros. Nurseries and Orchards Company, or any of its predecessors under whatsoever name their business was conducted, and that their trees are not the product of any of these concerns, nor their successors. It is further ordered and decreed that for the purpose of distinguishing defendants' trees from those of the complainant, the defendants shall insert in their circulars, catalogues and advertisements a notice substantially as follows, and in form as conspicuous as the body of such circulars, catalogues or advertisements:

"Notice.

"The 'Stark Trees' have been the product of the nursery business of the Stark family since the year 1816, and this nursery is still carried on by successors of the original Stark family at Louisiana, Missouri; that William P. Stark is a member of that family and was connected for over twenty-five years with, and learned the business from, successors of the original Starks; that our business is conducted at Neosho, Missouri, and has no connection whatever with the nursery business of the Stark Bros. Nurseries and Orchards Company, at Louisiana, Missouri." ' "

But we are of the opinion that there was error in decreeing that appellee recover all gains and profits which appellants have derived or received by reason of the infringement of appellee's trade-mark, beginning March 11, 1914.

Section 28 of the Trade-mark Act of February 20, 1905, 33 Stat. 730 (Section 9514, U. S. Comp. St. 1916), after prescribing that notice of the registration of the mark be given by affixing on the mark or label the words "Reg. U. S. Pat. Off.", which was not done by appellee, provides:

> "And in any suit for infringement by a party failing so to give notice of registration no damages shall be recovered, except on proof that the defendant was duly notified of infringement, and continued the same after such notice."

As no notice was given by appellee to appellants of infringement of the registered trade-mark, although the words required by the statute were not printed on its trade-mark labels, until a few days before the institution of this action, no damages under this act can be recovered for an infringement of the registered trade-mark before that time in this action. The trial court in its decree limited the damages for infringing the trade-mark to that time, but as to the gains and profits held that the appellants are chargeable for unfair competition from March 11, 1914, when appellee had first complained that appellants' advertising matter constituted unfair competition.

As the jurisdiction of the court below depended solely on the fact that there was a federal question by reason of the registration of the trade-mark under the Act of Congress, there being no diversity of citizenship, there can be no liability on the charge of unfair competition prior to the notice under the Trade-Mark Act. To entitle one to recover in such a case, the unfair competition must be a part of the same transaction, to wit, a violation of the Act of Congress and liability thereunder. It must be an aggravation of the infringement of the registered trade-mark, to give the court jurisdiction to award damages (A. Leschen Co. v. Bascom Co., 201 U. S. 166, 26 Sup. Ct. 425, 50 L. Ed. 710; Standard Paint Co. v. Trinidad Asphalt Co., 220 U. S. 446, 460, 31

Sup. Ct. 456, 55 L. Ed. 536; T. B. Wood's Sons Co. v. Valley Iron Works [C. C.], 166 Fed. 770; Ross v. H. S. Geer Co. [C. C.], 188 Fed. 731, 734; Electric Boat Co. v. Lake Torpedo Boat Co. [D. C.], 215 Fed. 377; Planten v. Gedney, 224 Fed. 382, 386, 140 C. C. A. 68, 72; U. S. Bolt Co. v. Kroncke Hardware Co., 234 Fed. 868, 148 C. C. A. 466; Mallinson v. Ryan [D. C.], 242 Fed. 951).

In the case at bar the unfair competition only became a part of the same transaction as the infringement of the registered trade-mark, after the notice had been given, as appellee's trade-mark labels had not the words required by the Act of Congress on them: "Reg. U. S. Patent Office." Had no notice been given by appellee, it could not have recovered any damages. This was expressly decided by this court in Rossman v. Gardner, 211 Fed. 401, 128 C. C. A. 73, 79.

None of the authorities relied on by counsel for appellee is in point. In Jacoway v. Young, 228 Fed. 630, 143 C. C. A. 152, the infringed trade-mark label had printed on it the words "Registered U. S. Patent Office", therefore that was notice. Ludwigs v. Payson Mfg. Co., 206 Fed. 60, 124 C. C. A. 194, and Detroit Show Case Co. v. Kawneer Mfg. Co., 250 Fed. 235, 162 C. C. A. 730, were actions for infringement of patents, and it was held that a claim for unfair

competition in connection with the sale of the infringing article may properly be joined. But see Geneva Furniture Co. v. Karpen, 238 U. S. 254, 259, 35 Sup. Ct. 788, 59 L. Ed. 1295. Shrauger & Johnson v. Phillip Barnard Co. (D. C.), 240 Fed. 131, decided by Judge Wade, not only fails to sustain counsel's contention, but is an authority to the contrary. While Judge Wade makes the statement quoted by counsel for appellee, he proceeds:

> "In certain cases, where there was combined the charge of infringement, and also unfair competition, courts have held that, even though the claim of infringement was decided in favor of the defendant, the court still could retain jurisdiction upon the question of unfair competition; but the large majority of the cases are the other way."

After reviewing a large number of authorities, he holds:

> "If a bill presented two separate counts, stating two separate and independent causes of action, one for a patent infringement, and the other for unfair competition, entirely independent of the infringement, I should hold that the cause of action for unfair competition should be stricken out. The court has no such jurisdiction conferred by statute, and the rule contended for relates rather to the practice of a court of equity, than it does to the jurisdiction of the court."

When the case was at a later day finally heard before Judge Reed, he sustained a motion to dismiss the petition as to the claim for infringing the plaintiff's alleged trade-mark, and for unfair competition for want of jurisdiction (247 Fed. 547, 550).

Gains and profits made before notice was given under the Trade-Mark Act, in the absence of a label bearing the inscription prescribed by the Act of Congress, are independent of the Act of Congress, and can only be recovered under the rules established by courts of equity in actions for unfair competition. Such an action cannot be maintained in a national court in the absence of a diversity of citizenship. As was held in Standard Paint Co. v. Trinidad Asphalt Co., supra:

> "The opposite parties to the suit are citizens of different States, and while this diversity of citizenship was not necessary to give the Circuit Court jurisdiction of the case in so far as it involved the validity of the trade-mark, it was necessary to give the court jurisdiction of the issue of unfair competition."

Other questions have been discussed by counsel, and have received our careful consideration, but we do not deem it necessary to pass on them in this cause.

The decree of the court below will be modified, by adding to the injunction clause the words hereinbe-

fore set forth, and that the appellants be charged with the gains and profits made by them by reason of the unfair competition arising from the infringement of appellee's registered trade-mark, and the damages, if any, which appellee has sustained by reason thereof since the beginning of this action.

The costs of this appeal will be taxed, two-thirds to the appellants and one-third to the appellee."

Proposition of Law.

The only proposition of law before this Court is whether or not the United States Court of Appeals erred in modifying the decree of the District Court with reference to the time when the accounting of petitioner for gains and profits begins. The United States Court of Appeals decided that the time of beginning of such accounting was the filing of this suit in the District Court, and based its decision upon the finding of the trial court, as well as the Court of Appeals; that no notice was given to the defendant by the plaintiff of the infringement of a trade-mark until shortly prior to the filing of this suit, which notice was only given by a letter written by the attorney for plaintiff to defendant so that the real time of the notice began with the filing of this suit, September 11, 1916.

ARGUMENT.

Petitioners admit that it did not place the notice on its trade-mark label "Stark Trees" in compliance with the provision of Section 28 of the Trade-Mark Act of February 20, 1905, 33 Statute 730, paragraph 7514, U. S. Comp. St. 1916, requiring "That it should be the duty of the registrant to give notice to the public that a trade-mark is registered, either by affixing thereon the words 'Registered in the United States Patent Office' or abbreviate thus, 'Reg. U. S. Pat. Off.', or where from the character or size of the trade-mark or from its manner of attachment to the article to which it is appropriated, this cannot be done, then by affixing a label containing a like notice to the package or receptacle wherein the article or articles are enclosed; and in any suit for infringement by a party failing so to give notice of registration, no damages shall be recovered except on proof that the defendant was duly notified of infringement and continued the same after such notice."

Petitioner contends that the defendants were notified of infringement of the trade-mark in question by a letter written by plaintiff to defendant, March 11, 1914. This letter is as follows (Tr. of Rec., p. 39):

"March 11, 1914.

William P. Stark Nurseries,
Neosho, Mo.

Attention of Wm. P. Stark.

Gentlemen:

The literature and advertising matter that you have recently sent to the officials of this Company, concerning certain claims relative to Delicious Apple and other matters, misstate the facts and constitute unfair competition and are for infringements on the rights of Stark Bros. Nurseries & Orchards Company. We hereby notify you to discontinue the unfair competition and infringement on our rights.

Very truly yours,

Stark Bros. N. & O. Co.,
By E. W. Stark, President."

It is clear that the gravamen of complaint in this letter was the Delicious Apple. In order to appreciate the place which the Delicious Apple occupied in this litigation it is necessary to briefly review the history of the relation of these parties for a short period of time prior to the date of the aforesaid letter of March 11, 1914.

The transcript of record discloses that defendant W. P. Stark is a brother of E. W. Stark, president of plaintiff corporation; that at the time this suit was instituted defendant W. P. Stark owned 30 per cent of the capital stock of plaintiff corporation, E. W. Stark 30 per cent, and the estate of another

brother 30 per cent; that friction arose between E. W Stark, president of plaintiff corporation, and defendant W. P. Stark in 1911; that W. P. Stark for a number of years had been treasurer and general manager of plaintiff corporation; that this friction between E. W. Stark and W. P. Stark became so intense that E. W. Stark intercepted a check for $35,000 and took the same out of the United States mail after it had been deposited in the post office by W. P. Stark as treasurer of plaintiff company; that this check had been sent by W. P. Stark in his official capacity to pay a note of plaintiff then due at a St. Louis bank (Tr. of Rec., p. 98); that W. P. Stark left the company for a short time, but returned to the company in the fall of 1911; that shortly thereafter W. P. Stark, as treasurer and general manager of the company, was interfered with in the discharge of his official duties to such an extent that he was practically eliminated as an officer of the company, and that at the annual meeting of the board of directors in June of 1912 he was not re-elected as an officer of the company; that after he had been eliminated from plaintiff company he joined his son in a nursery at Stark City, with offices at Neosho, Missouri, which company was named "The William P. Stark Nurseries"; that plaintiff corporation, in order to deprive defendant W. P. Stark of any revenue from his holdings in said corporation, refused

to pay a dividend on its preferred stock, of which defendant W. P. Stark was a large holder; that W. P. Stark sought to enforce the payment of said dividend by instituting receivership suit; **that friction arose between plaintiff company and defendants over the Delicious Apple referred to in the above letter of March 11, 1914**; that plaintiff filed suit against W. P. Stark, and other suits were filed, and that on October 16, 1914, plaintiff and defendant, together with their several attorneys, met in Kansas City, Missouri, and settled their differences through the agreement entered into on said date (Tr. of Rec., pp. 47-50), which contract is referred to in the record as the "Kansas City agreement". This agreement was entered into for the purpose of disposing and settling all the controveries between these parties which had theretofore arisen and which were in existence at that time. It disposed of the receivership suit, the suit for dividends on preferred stock of plaintiff corporation, the Delicious Apple controversy and the other suits which are referred to in the agreement. It will be observed that the date of the "Kansas City agreement" was more than a year after the time alleged in plaintiff's bill of complaint when it "found that sales of fruit trees labeled and marked with the words 'William P. Stark Nurseries' had been made in Missouri, Illinois and **a number of other states**", and more than a year after plaintiff had registered its

trade-mark in dispute, and yet there is this significant fact in this record, that both E. W. Stark, president of plaintiff corporation, and William P. Stark, defendant, testify that nothing was said at the time the "Kansas City agreement" was made about this trade-mark ("Stark Trees") nor any infringement thereof. E. W. Stark testified (Tr. of Rec., p. 56):

> "Q. Mr. Stark, you recall there was nothing said in Kansas City conference about any trade-marks of your company, don't you?
>
> A. There may have been some informal discussion about the Hale trade-mark. I don't know what was discussed between you attorneys, who really fixed up these matters. As far as I recall no trade-mark disputes were discussed except possibly the J. H. Hale."

The J. H. Hale trade-mark belonged to defendants.

W. P. Stark testified (Tr. of Rec., p. 117):

> "Q. Mr. Stark, there has been considerable said here about the Kansas City agreement of October 16, 1914. I will ask you to state in a general way whether anything was said at that conference about any infringement of a trade-mark or unfair competition.
>
> A. There was not.
>
> (After objection by opposing counsel) The Court: I say that he may state whether anything was said either by a representative of Stark Bros., the plaintiff company, or its attorneys.
>
> A. There was no such talk."

In light of this testimony it is perfectly clear that the above letter of March 11, 1914, did not refer to the trade-mark ("Stark Trees") in dispute in this case and that the writer of that letter had no thought of said trade-mark when he wrote it. Petitioner now claims that this letter was notice of the infringement of the trade-mark in dispute and meets the requirement of the Act of Congress concerning notice of infringement of registered trade-mark. It will be observed that this letter was written seven months before the Kansas City contract was made wherein the Delicious Apple is an important and conspicuous item. The closing paragraph of the Act of February 20, 1905, quoted, supra, provides:

> "And in any suit for infringement by a party failing so to give notice of registration, no damages should be recovered except on proof that the defendant was duly notified of infringement **and continued the same after such notice.**"

The record discloses that after petitioner's letter to respondent, August 26, 1916, defendant did discontinue the use of the trade-mark labels except, possibly, in a few cases, where the tags were inadvertently used.

With reference to the use of the name we desire to call attention to the notice added to the decree of the trial court by the United States Court of Ap-

peals, which is set out in full, supra. Shortly after this suit was instituted the defendant issued its fall catalogue, an exhibit in this case, which catalogue contained the following notice under the signature of William P. Stark:

> "We are not connected with nor successors to any nursery. Wiliam P. Stark was one of the original brothers, and officer and director of the Stark Bros. Nurseries & Orchards Company. But he left that company and with his son, William H. Stark, founded the William P. Stark Nurseries at Stark City, Missouri, for the purpose of carrying out a policy that has been most satisfactory and economical to their customers and themselves, particularly in eliminating the expense and unsatisfactory results of selling trees through agents."

The above significant facts clearly justify the statement found in petitioner's brief, "that the decree ordering profits and damages from the beginning of the suit would hardly yield petitioner sufficient money damages to pay for the one-third taxation of cost assessed against petitioner as appellee in the Court of Appeals (Petitioners Brief, p. 32)." From this it is perfectly clear that no criticism attaches to these defendants for any acts committed by them after the institution of this suit, which was the first and only legal notice ever received by respondent.

Petitioner makes further effort to show notice by quoting from the opinion of the trial court, who makes the following observation in his opinion (Tr. of Rec., p. 194):

> "Again, on January 15, 1916, a letter of the same general purport was written by complainant to defendant's known attorneys."

The letter referred to is not in the record, but the answer of the attorney referred to by the Court is found on page 115 of the transcript of the record, as follows:

> "January 31st, 1916.
>
> Stark Bros. Nurseries & Orchards Co.,
> Louisiana, Missouri.
>
> Gentlemen:
>
> I have just returned to the city after an absence of three weeks in Florida and Texas and find yours of the 15th inst. concerning the William P. Stark Nurseries Company.
>
> I have not seen Mr. William P. Stark, or any member of his company for several months. Your letter does not specify your complaint. I do not know what methods you term 'unfair', nor the statements which you construe as 'misleading and untrue'. Therefore, I am not in a position to make a definite reply to your letter, nor am I in a position to advise with the William P. Stark Nurseries Company concerning the matter, even though they should ask my advice in the premises.

I had hoped that there would be no further friction between the companies, and very much regret that you have occasion to make complaint. Very truly yours,

(Signed) Xenophon P. Wilfley."

Enclosure
XPW-AD.

Again, there is no reference to any trade-mark. How could a letter be notice of an infringement of a definite trade-mark registered on a fixed date, when said letter doesn't refer to the trade-mark?

W. P. Stark testified he never received any notice of claim of trade-mark infringement prior to the receipt of the letter from petitioner's attorney a few days before the suit was filed on September 11, 1916, all of which goes to show that this suit was an afterthought, and prompted by jealousy rather than a purpose to redress a wrong.

This being a suit between citizens of the same state, jurisdiction of the Federal Court was acquired by reason of a registered trade-mark under an act of Congress. The bill of complaint prayed injunction restraining the defendants from infringing said trade-mark and trade-mark rights, for an accounting for profits, a decree dissolving defendant William P. Stark Nurseries, and for general relief. A large part of the record is taken up with the question of the trade-mark and the infringement thereof, and while

there is no prayer in the bill of complaint (other than the general prayer for relief) concerning the question of unfair competition, a considerable portion of the record is taken up with that question. The bill of complaint discloses that the wrongful acts charged in connection with unfair competition were all prior to the registration of the trade-mark in controversy, which is dated June 24, 1913, and, therefore, could not be considered as "inseparably" connected with it. As stated in the case of Jacoway v. Young, 228 Fed. 633, it is necessary that the acts of unfair competition be "done in connection with the infringement which augment and aggravate the wrong".

This Court, in the case of Leschen Rope Co. v. Broderick & Bascom Rope Co., 201 U. S. 166, said:

> "As both parties are citizens of the State of Missouri, the jurisdiction of the Circuit Court can only be sustained upon the theory that the case is one arising under the Constitution and laws of the United States. * * * Nor can we assume jurisdiction of this case as one wherein the defendant had made use of plaintiff's device for the purpose of defrauding the plaintiff and palming off its goods upon the public as of the plaintiff's manufacture. Our jurisdiction depends solely upon the question whether plaintiff has a registered trade-mark, valid under the act of Congress."

In the case of Planten v. Gedney, 224 Fed. 382, the trade-mark was sustained, but as to the question of unfair competition the Court said:

> "The complaint includes a charge of unfair competition. Since the parties are not citizens of different states that part of the bill was correctly dismissed without prejudice."

Petitioner can only hope for a Federal Court to adjudge an accounting for gains and profits in acts of unfair competition when said acts are "done in connection with the infringement which augment and aggravate the wrong". The Federal Court could have no jurisdiction of any acts of any of the parties to the suit which were committed prior to the time that the trade-mark infringement became unlawful. If acts which are alleged to constitute an infringement of a trade-mark are separate and independent of other acts which are alleged to construe unfair competition, a Federal Court cannot take jurisdiction of acts amounting to unfair competition simply because it has jurisdiction of other separate and distinct actions amounting to infringement of a trade-mark (Ross v. Geer, 188 Fed. 731; Wood's Sons Co. v. Valley Iron Works, 166 Fed. 770; Leschen Rope Co. v. Broderick & Bascom Rope Co., 201 U. S. 166; Planten v. Gedney, 224 Fed. 382).

In the case of Ross v. Geer, 188 Fed. 733-4, the Court said:

> "If an act constituting an infringement of a trade-mark and other acts constitute unfair competition in trade are separate and independent acts, even though they all relate to the same article of manufacture, each set of acts constitutes a separate and distinct cause of action, of one of which this Court has jurisdiction, and of the other of which it has no jurisdiction."

The trial court limited the complainant to damages on account of trade-mark infringement of the period beginning with the date of the formal notice, to wit, August 26, 1916. This notice was not given by plaintiff company, but by a lawyer who was not an officer of complainant company, and who defendants had never known as the attorney of the complainant company. Therefore, the United States Court of Appeals limited the complainant to damages for infringement of trade-mark as of the date of the filing of this suit, which was a few days later, to wit, September 11, 1916—practically the same time as that fixed by the trial court.

As said by Mr. Justice Van Devanter in Geneva Furniture Co. v. Karpen, 238 U. S. 254, l. c. 259:

> "It hardly needs statement that the jurisdiction as limited, and fixed by Congress cannot be

enlarged or extended by writing in a single suit causes of action of which the court is without jurisdiction with one of which it has jurisdiction. Upon this point the rule otherwise prevailing respecting the joinder of causes of action in suits in equity must, of course, yield to the jurisdictional statute."

Suppose the trial court had found some defect in the registration of the trade-mark in dispute, sufficient to invalidate it as a registered trade-mark, would anyone contend that a Federal court would have jurisdiction between these parties who are citizens of the same state? To entitle plaintiff to Federal jurisdicton the alleged unfair competition must be a part of the trade-mark infringement or an aggravation of same. In other words, there must first be a violation of an Act of Congress, and a liability thereunder. No violation of an Act of Congress can be asserted in this case **until plaintiff has complied** with said Act of Congress, prescribing the conditions upon which relief shall be granted. The registration of the trade-mark doesn't give plaintiff right to Federal jurisdiction to award damages until plaintiffs have complied with the provisions of the statutes with reference to notice.

While the Federal courts, regardless of diversity of citizenship, have jurisdiction of a suit for infringement of a patent or registered trade-mark, such tribu-

nals are without jurisdiction of a suit between citizens of the same state for infringement of an alleged common-law trade-mark and unfair competition. This was decided in the case of Shrauger & Johnson v. Phillip-Bernard Co., 247 Fed. 547, which was a suit for infringing a patent, the infringing of a trade-mark and for unfair competition. The patent was found to be void, the trade-mark not having been registered under the Act of Congress the Court dismissed the bill, and in so doing said:

Foster's Federal Practice Par 3a

> "The defendant renews its motion to dismiss the suit for want of jurisdiction of the court as to plaintiff's claims for infringement of its alleged trade-mark, and for unfair competition in trade. So far as the suit is to recover from the defendant for the alleged infringement of the patent, and to restrain further infringement thereof, it is not denied that so much of the suit as so claims is within the jurisdiction of this court, irrespective of the citizenship of the parties thereto. But so far as it seeks to recover for the alleged infringement of plaintiff's trade-mark, and for unfair competition in trade, it is well settled that the Federal courts have no jurisdiction of such controversies between citizens or corporations of the same state (Elgin National Watch Co. v. Illinois Watch Co., 179 U. S. 665, 21 Sup. Ct. 270, 45 L. Ed. 365; Wagner v. Searle & Hereth Co., 191 U. S. 195, 24 Sup. Ct. 79, 48 L. Ed. 145; Leschen & Sons Rope Co. v. Broderick & Bascom

> Rope Co., 134 Fed. 571, 67 C. C. A. 418, affirmed 201 U. S. 166, 26 Sup. Ct. 425, 50 L. Ed. 710; Uagles-Hoggette Mfg. Co. v. Farmers' Hog & Cattle P. Co., 232 Fed. 116, 146 C. C. A. 308."

In Leschen & Sons Rope Co. v. Broderick Co., above, both complainant and defendant were corporations of Missouri engaged in manufacturing and selling wire rope in that state. The complainant had registered a trade-mark under the Act of Congress of March 3, 1881 (21 Stat. 502, c. 138), under which it claimed the right to use said trade-mark as indicative of its manufacture. The appellant, who was the complainant below, filed its bill to restrain the defendant from infringing said trade-mark. The trial court sustained a demurrer to the bill and dismissed the suit. On appeal the Court of Appeals said:

> "Much is said in the brief of appellant to the effect that the defendant has been guilty of unfair competition by palming off on the public rope of its manufacture as complainant's rope. This is a subject, however, over which the Federal courts have no jurisdiction. Complainant and defendant are both citizens of the same state, and for this reason jurisdiction is confined to the trade-mark as registered. If that mark is invalid, the Federal courts are without authority to grant any relief on the ground of unfair trade competition."

The Court found that the trade-mark was invalid, and that the Court rightly dismissed the bill, and its decree was affirmed. In affirming this decree the Supreme Court, in Leschen Rope Co. v. Broderick, 201 U. S. 166, at page 172, 26 Sup. Ct. 425, at page 427 (50 L. Ed. 710), said:

> "Nor can we assume jurisdiction of this case as one wherein the defendant had made use of plaintiff's device for the purpose of defrauding the plaintiff and palming off its goods upon the public as of the plaintiff's manufacture. Our jurisdiction depends solely upon the question whether plaintiff has a registered trade-mark valid under the Act of Congress, and for the reasons above given, we think it has not."

And the decree of the Court was affirmed.

The allegations of the bill with reference to unfair competition started with certain charges with reference to acts of the defendant William P. Stark in November, 1911, and April, 1912; then follow certain allegations with reference to the defendant, William P. Stark, in June, 1912, and allegations with reference to matters connected with the Postal Department in 1912; then follow allegations with reference to the change of the name of the Town of Chester, Missouri, to Stark City, Missouri, which the evidence shows in 1912. After this there are

certain allegations with reference to defendant, William P. Stark, in connection with the 25 years' connection with the plaintiff corporation prior to the registration of the trade-mark. Upon the face of the bill it is clear that the wrongful acts charged in connection with unfair competition were all prior to the registration of the trade-mark, June 24, 1915, and, therefore, could not be considered as inseparably connected with it. The trial court dismisses this question by side-stepping it, and says:

> "Complainant's trade-mark having been found valid, this court has jurisdiction of the parties and of the subject matter for the purpose of enjoining not only the infringing of that trade-mark, but also of wrongful acts in the nature of unfair trade done in connection with the infringement which augment and aggravate the wrong."

But the very essential element of having been "done in connection with the infringement" is wanting in this case. According to the allegations of the bill it was impossible for the acts to have been "done in connection with the infringement", and the evidence does not relieve, but, rather, augments this dilemma of complainant's case.

Furthermore, a Federal Court could not take jurisdiction of acts of unfair trade in connection with an

unregistered or common-law trade-mark, when the parties are citizens of the same state. A federal law cannot be violated by respondent until petitioner had done the things necessary to give him the protection of the law. In this case petitioner failed to do the essential thing of giving notice.

Practically all of the references in petitioner's brief before this court, under the caption "The Evidence", have nothing to do with the issue now before this court, and are designed to mislead rather than enlighten the court on the evidence set forth in the transcript of the record. On page 3, they quote from advertisement in 1910, before there was any friction among the officers of petitioner corporation. On page 4 of petitioner's brief reference is made to happenings in 1880, on page 5 reference is made to the fact that defendant William P. Stark owned 30% of the capital stock of complainant corporation. This certainly has no connection whatever with the proposition of damages or profits either of trade-mark infringement or of unfair competition. Likewise the reference on page 5 to the J. H. Hale peach, as well as the reference on page 7 to the Year Book of 1910, and similar references on page 8 to the Year Book. On page 9 and page 10 of the brief are excerpts from letters written by friends of William P. Stark who were in no wise connected with plaintiff corporation or

defendants, and yet, from a reading of the brief, one would infer that there were statements made by defendant William P. Stark, and likewise as to the reference on page 11 concerning the Delicious Apple. On page 14 of petitioner's brief reference is made to exhibits referred to in the transcript of the record, but reference to the transcript of the record itself shows that none of these exhibits, which consisted of letters purported to have been written by people in various parts of the country, were ever identified. Petitioner seems to have lost sight of the fact that there is but one question before this court, and that is the question as to whether or not the United States Court of Appeals was justified, under the law and the evidence, in modifying the decree of the trial court, fixing the date for the beginning of the accounting as to gains and profits as of the time this suit was filed. The United States Court of Appeals succinctly states the proposition of law upon which it bases its decision and cites authorities supporting it, as follows:

> "As the jurisdiction of the court below depended solely on the fact that there was a federal question by reason of the registration of the trade-mark under the Act of Congress, there being no diversity of citizenship there can be no liability on the charge of unfair competition prior to the notice, under the Trade-Mark Act. To en-

> title one to recover in such a case, the unfair competition must be a part of the same transaction, to wit, a violation of the Act of Congress, and liability thereunder, it must be an aggravation of the infringement of the registered trade-mark to give the court jurisdiction to award damages."

It is admitted that the notice required by the federal statute was not given until the filing of this suit, or possibly a few days before. Therefore, since there could be no infringement of trade-mark prior to that time under the decision of this court and the federal courts throughout the country, the question of an accounting for gains and profits as to unfair competition could not anti-date the notice of the infringement of the trade-mark.

The decision of the Court of Appeals in this case, 257 Fed., l. c. 17, states:

> "Other questions have been discussed by counsel and received our careful consideration, but we do not deem it necessary to pass on them in this cause."

The only other proposition discussed before the Court of Appeals which we desire to call to the attention of this Court is the question of acquiescence or laches on the part of the plaintiff in instituting this suit. This is especially significant on the ques-

tion of accounting. In many cases the courts have denied accounting, although granting an injunction where there has been a delay in instituting the suit.

In the case of Rubber & Celluloid Harness Trimming Co. v. Devoe, Etc., 233 Fed., l. c. 160, the Court found that the plaintiff was entitled to an injunction.

> "But, under the rule enunciated by the Circuit Court of Appeals, of this circuit, in P. E. Sharpless Co. v. Lawrence, 213 Fed. 423, 130 C. C. A. 59, and which I think finds support in the recent opinion of the Supreme Court in Hamilton, Brown Shoe Company v. Wolf Bros. & Co., 240 U. S. 251, 36 Sup. Ct. 269, 60 L. Ed. 629 (Feb. 21, 1916), an accounting was denied."

Bissell Chilled Plow Works v. T. M. Bissell Co., 121 Fed. 257: The Court held in this case that the simple laches in the institution of a suit for unfair competition has by delay of six years, with knowledge of defendant's act, precluded complainant's right to damages for past infringement within the doctrine of the following cases:

> McCain v. Fleming, 96 U. S. 245;
> Menendez v. Holt, 128 U. S. 514.

In the case of Worcester Brewing Company v. Reuter, 157 Fed. 217, there is an injunction, but as to the accounting of the lower court was reversed by reason of the laches of the complainant.

In Leibig Extract of Meat Co. v. Leibig, 180 Fed. 688, an injunction was granted, but in view of complainant's acquiescence of defendant's conduct for six years, an accounting was denied.

In the case of Fahrney & Sons v. Rurimer, 153 Fed. 735, complainant notified defendant to desist from the use of a trade-name which constituted unfair competition, and defendant refused to do this. Complainant waited four years before proceeding legally against defendant. Held, that while complainant was entitled to an injunction, he was not entitled to an accounting.

In the case of McLain v. Fleming, 96 U. S. 245, the Court lays down the rule denying relief of an accounting, which is constantly refused even where the right of the party to an injunction is acknowledged because of infringement where there is acquiescence or laches. In this case the decree for infringement was affirmed, but reversed as to an accounting.

In the case of Menendez v. Holt, 128 U. S. 514, held that the delay in bringing the suit precluded the recovery of damages for prior infringement.

Sebastian's Law of Trade-marks (5th Ed.), 249:

> "As a plaintiff may be disentitled to his injunction by reason of his own laches, so he may be disentitled by the same reason to the account of profits. If he permits the defendant to con-

tinue his infringement for a prolonged period he will not then be allowed to treat him as his salesman and claim an accounting."

Brand v. Turner, 13 L. T. N. S. 746;
Harrison v. Taylor, 11 Jur. N. S. 408;
McLean v. Fleming, 96 U. S. 245.

McLean v. Fleming, 96 U. S. 245, l. c. 251 and 257:

"Unreasonable delay in bringing a suit is always a serious objection to relief in equity; but cases arise in litigations of the kind before the Court where the complainant may be entitled to an injunction to restrain the future use of a trade-mark, even when it becomes the duty of the Court to deny the prayer of the bill of complaint for an account of past gains and profits (Harrison v. Taylor, 11 Jur. N. S. 408). * * * Evidence of a decisive character is exhibited in the record to show that the complainant or his predecessor knew throughout what description of labels and trade-marks the respondent was using; and it does not appear that any of the objections was ever made, except as heretofore stated and explained. Once the respondent was requested to insert the initials of his Christian name before his surname, in the label, and it appears that he immediately complied with the request."

Menendez v. Holt, 128 U. S. 523:

"Counsel in conclusion earnestly contends that whatever rights appellees may have had were lost by laches; and the desire is intimated that we should reconsider McLean v. Fleming, 96 U. S. 245, so far as it was therein stated that even though a complainant were guilty of such delay in seeking relief upon infringement as to preclude him from obtaining an account of gains and profits, yet, if he were otherwise so entitled, an injunction against future infringement might properly be awarded. We see no reason to modify this general proposition, and we do not find in the facts as disclosed by the record before us anything to justify us in treating this case as an exception."

In the case of Wolf Bros. v. Hamilton, Brown Shoe Co., 240 U. S. 251, the accounting was limited from the time of bringing the suit, although plaintiff had notified defendant six years before the suit was brought, by letter, that the defendant was infringing plaintiff's trade-mark, to which letter defendant replied. The Court held, however, that the accounting could not go back of the date of the filing of the suit.

However, aside from the question of laches, we respectfully contend that the decision in this case by the United States Court of Appeals for the Eighth Circuit should not be disturbed by this Court. We submit that it is sustained by the authority of this

Court and other Federal Courts, not only for the reasons assigned in the opinion of the Court, but for equally sound reasons hereinabove set forth, with reference to the laches of complainant in asserting the claim for damages and profits.

Respectfully submitted,

Theophilus P. Wiley

Solicitor for Respondents.